



PIER Energy System Integration Program Area

Innovative Ratemaking Treatment for DER-Synapse

Contract #: 500-03-011 **Project #:** 4

Contractor: National Renewable Energy Laboratory (NREL)

Subcontractors: SYNAPSE

Project Amount: \$175,856

Contractor Project Manager: Holly Thomas (303) 275-3755

Commission Contract Manager: Bernard Treanton (916) 654-4512

Status: Active

Project Description:

The purpose of this project is to develop innovative concepts and methods for ratemaking treatments of Distributed Generation. Developing new approaches to ratemaking is critical in this stage of electric power system review and transformation. Technological and power system innovation requires corresponding regulatory innovation success. This project will permit California, utilities and other interested parties to build upon a solid basis of policy analysis and recommendations. Synapse will develop a framework for understanding the many issues that must be addressed in ratemaking for distributed generation (DG). Synapse will interview key personnel and summarize the primary concerns for various interest groups that include utilities, DG manufacturers, suppliers and regulators. Synapse will develop new concepts in ratemaking and tariffs design and policy recommendations regarding appropriate rate treatment of DG.

This project supports the PIER Program objectives of:

- Improving the energy cost/value of California's electricity by developing new and equitable ratemaking treatments for DG.
- Improving the reliability/quality of the California's electricity by designing justifiable ratemaking treatment.
- Improving the safety of California's electricity by balancing more equitably costs with loads.

Proposed Outcome:

1. Identify and explain broadly applicable concepts in ratemaking that will promote the cost-effective deployment of DG in both regulated and restructured markets.

Project Status:

This project began March 2004. A kick-off meeting was held in August 2004. This project is on schedule, within budget and a draft final report will be sent in April 2005. Completion of the project and final report are due June 22, 2005.